

Multi-Association Response to Questions
Posed During the Hearing of the
Acquisition Advisory Panel Meeting
On January 31, 2006

During the hearing of the Acquisition Advisory Panel on January 31, 2006 and during the testimony of a panel of representatives of a Multi-Association Group comprised of the Aerospace Industries Association (AIA), the Contract Services Association (CSA), the Government Electronics & Information Technology Association (GEIA), the Information Technology Association of American (ITAA), the National Defense Industrial Association (NDIA) and the Professional Services Council (PSC), several questions were posed. These questions ranged from requests for data, information on industry best practices and proposed corrective regulatory language to correspond to recommendations made during the testimony. Below are the questions posed, with an answer following. Included in the response to some of the questions are references to appended information collected and assembled by the Multi-Association group.

The Multi-Association group would like to thank the Acquisition Advisory Panel for the continued opportunity to provide information and industry perspective and we look forward to a robust dialogue with each of the Panel Working Groups on these and other subjects.

- **Questions for Contractors that Sell Commercial Goods or Services to the Government (as posted on the AAP website)**

A compilation of the responses received is attached as appendix #1.

Appendix #1 – Multi-Association Consolidated Response to SARA Q & A for Commercial Companies

- **Evidence of benefits of PBC, from Pentagon renovation project**

As this project is still on going, the analysis of the benefits has not been finalized.

- **Examples of solicitations that claim to be PBC but are not (and could be)**

OSD-PA&E “2006 Defense Resource Management Study Program – Part A (#14)” – Project is not initially identified as PBSA. The first mention of “performance-based” occurs in Attachment #2. There are tasks with defined deliverables. It appears that a template was used as there is only one performance standard and it relates to employee turnover rather than the actual deliverables

Appendix #2 - OSD-PA&E “2006 Defense Resource Management Study Program – Part A (#14)” – 124905SOW.doc

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Appendix #3 - Comments to "2006 Defense Resource Management Study Program – Part A (#14)" – 124905comments.doc

Fort Indiantown Gap – this RFP has more elements of PBSA, but did not define metrics.

Appendix #4 - PBSOW PhaseII_Ft Indiantown Gap_v9.8.6.doc

Appendix #5 – PBSOW PhaseII_Ft Indiantown Gap comments.doc

- **Commercial practices for post-award administration of service contracts**

Acquisitions Solutions, Inc has advanced the 6 Disciplines for Performance Management as the "framework" for establishing a partnership. They address all aspects of performance – the good and the bad – through strategic linkage, governance structures, communication, risk management, performance monitoring, and cultural transformation. Training exists for the acquisition process and organizations are perfecting their practices. However, little training is provided to assist organizations with the behavioral and organizational transformations required to effectively and efficiently work within a performance-based management environment. When the 6 disciplines are understood, implemented and become the way business is conducted, the following expectations of a performance-based management environment will be realized:

- Visible, active leadership
- Clearly articulated vision of the enterprise
- Sense of urgency
- Process focus
- Client focus
- Focus on all components of the business system
- Cross-functional participation
- Best and brightest people as team members
- Leverage technology and human potential
- Some early positive results
- Continual communication – continual improvement

Appendix #6 – Learn_6disciplines.pdf

Roles and Responsibilities are well defined for the acquisition process. Upon award, roles and responsibilities need to be revisited, revised and communicated.

Appendix #7 – Performance Management Roles and Responsibilities.doc

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Appendix #8 – ASIroles-responsibilities.pdf

- **Examples of how industry conducts PBCs for their buying activities (commercial buys not involving govt)**

The appended document provides a client/industry view of how the process works through measurements, outcomes and continuous improvements, scores and pooling for “service level agreements.” This is a methodology used in the commercial services business focused on transformation and outsourcing engagements.

Appendix #9 – SLA Presentation.ppt

- **Examples where PBC has not worked, description of complications/problems**

The Task Force on Service Contracting provided information to the Panel at the hearing on May 17, 2005 in their report regarding the Benefits Risks of Performance-Based Acquisition. Please reference Attachment 9 of the report provided to the Panel at that hearing.

- **Recommendations for changes to FAR Parts 10 and 11**

A number of line-in/line-out recommendations to FAR Parts 2, 7, 12, 13, 15, 37 and the DFAR were included in the report of the Task Force on Service Contracting provided to the Panel at a hearing on May 17, 2005. These recommendations can be found in Attachments 4-8, 11, 12, 13 and 14 of the report provided to the Panel at that hearing.

- **Data from the Navy's Performance-Based Logistics contracts - i.e. metrics used and results**

Appendix #10 – DASN(L) PBL Perspective – 2004pblgray.pdf

Appendix #11 – DAU PBL Training - DAUPBLtraining.pdf

Appendix #12 – Navy ICP PBL – navypbl50505.pdf

Appendix #13 - PBL.zip

Appendix #14 – DBB Supply-Chain-Report.pdf

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Appendix #15 – Executive Summary: White Paper “Corporate Contracting: Accelerating the Implementation of Performance-Based Contracting”

Appendix #16 – Commerciality of Corporate Contracting Market Survey

- **Whether the Multi-Association supports the use of PBC quotas**

The Multi-Association does not support quotas for the use of PBSA. Many tasks are not suitable for PBSA. The determination should be made on the basis of the particular acquisition.

- **Line-in, line-out suggestions for revisions to FAR commercial item definition –PROVIDED 2/2/06**

- **What remedies would a commercial company accept for submitted “information other than cost or pricing data” that was incomplete, inaccurate, or not current?**

Private industry has frequently expressed the position over the years in response to several notices and proposed rules published by the Government, that any postaward remedy for defective information other than cost or pricing data is unacceptable. No such remedies presently exist under TINA, and GSA’s current policies for imposing such remedies is inconsistent with law and regulation.

Again, the type of cost type that a commercial company can produce is not the same type of cost data that can be produced by a CAS-covered, TINA and FAR Part 31 compliant Government contractor. Such commercial company cost data will not be as precise and would be affected by differences in accounting practices (e.g., CAS vs. GAAP). It would be unfair for the Government to impose remedies in these circumstances.

- **Additional Appended Documents:**

APPENDIX #17 – NAVFAC Users Guide for Facility Support Contracts/ Base Operations Support (FSC/BOS) – 0100000 – UG General v1.11.pdf

APPENDIX #18 – NAVFAC FSC/BOS Security Operations Template Users Guide – 0401060 UG Security Ops v11.pdf

APPENDIX #18a-e – supplemental documents to the NAVFAC FSC/BOS Security Operations Template Users Guide

APPENDIX #19 - Quality Management in IBM Global Services – 30Sept2004

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APPENDIX #20 – Quality Assurance in IBM Global Services – 12July2005

APPENDIX #21 – Writing the Performance Work Statement and the Quality Assurance Surveillance Plan – PWS And QASP.doc

APPENDIX #22 – Guide Book for Performance Based Services Acquisition in Department of Defense

APPENDIX #23 – Effectively Managing Professional Services Contracts – IBM Center for The Business of Government – April 2006